



PRESS RELEASE

Attorney General Frosh Leads Effort with CFTC and Other States to Charge Precious Metals Dealers in \$185 Million Scheme Targeting Retirement-Age Investors

September 25, 2020 – Maryland Attorney General Brian E. Frosh announced today that his Securities Division has collaborated with the Commodities Futures Trading Commission (CFTC) and 29 other states in filing a complaint in the U.S. District Court for the Northern District of Texas alleging related companies Metals.com and Barrick Capital Inc. solicited \$185 million from retirement-age investors, including at least \$3 million from Marylanders, by touting precious metals at grossly inflated prices that were not disclosed.

“These companies swindled approximately \$3 million from Marylanders and more than \$180 million nationwide by capitalizing on investors’ fear of market instability and touting precious metals at grossly inflated prices,” said Attorney General Frosh. “Their investors lost a significant amount of funds invested in fraudulently overpriced gold and silver.”

The complaint names Los Angeles-based companies TMTE Inc., also known as Metals.com, Chase Metals Inc., Chase Metals LLC, Barrick Capital Inc., along with Simon Batashvili, Lucas Asher, and Tower Equity LLC. The defendants are accused of using cold calling, television, radio, and social media advertisements designed to “instill fear in elderly and retirement-aged investors and build trust with investors based on representations of political or religious affinity.” Defendants allegedly further misrepresented their sales representatives’ identities, experience and expertise, and their affiliation with conservative media personalities.

Defendants allegedly made false representations that precious metals bullion were safe, conservative investments and that investors would not lose their funds. To promote the fraud, Defendants allegedly advised investors, among other things, that the Federal Reserve was unstable, that the government would nationalize investors’ retirement savings, and that the stock market was going to decline or crash. Investors allegedly were advised to liquidate their holdings at registered investment firms to fund investments in precious metals through self-directed individual retirement accounts. Additionally, defendants allegedly promised falsely that they would cover all fees associated with these accounts.

The Defendants also are accused of failing to disclose, among other things, the price charged for precious metals and that investors could lose the majority of their funds immediately upon completing a transaction. The defendants charged investors prices for gold or silver bullion averaging from 100% to more than 300% the melt value or spot price of that gold or silver

bullion. Defendants failed to disclose that investor's ability to profit and not sustain a loss on their precious metals investment was dependent on precious metals appreciating significantly above historical all-time high prices, and that the metals might not appreciate enough to cover storage and fees associated with the investments. When investors complained about the prices charged by Metals.com and Barrick, and the resulting value of their investments, Metals.com and Barrick further misrepresented that the precious metals were worth far more than their melt value.

The complaint requests the Court order the defendants to cease sales activity, return money to investors, and stop defrauding investors and violating federal and state laws going forward. The Court granted the complaint's emergency request that a receiver be appointed to take over the companies to marshal funds for the benefit of investors across the country.

Maryland, in collaboration with a small group of states, helped lead the multi-state investigation of Metals.com and helped draft the state allegations in the enforcement action. Ten Marylanders contributed their story to the action. In total, Maryland has identified over a dozen Maryland victims, most retired or near retirement age, who invested approximately \$3 million total. Additional Maryland victims may still exist. Anyone who invested with Metals.com, Chase Metals, or Barrick Capital is encouraged to contact the Securities Division at securities@oag.state.md.us.

Today's action is part of a larger focus by state securities administrators and the CFTC on precious metals investment schemes. Maryland currently serves as chair of NASAA's Commodities & Derivatives Enforcement Project Group. The Securities Division encourages investors to come forward if they suspect they have been targeted by similar precious metals investment schemes.

In making today's announcement, Attorney General Frosh thanked Assistant Attorney General Max F. Brauer and Investigator Trinity Gainey for their work on the case.